

United States. He concludes that the Soviet system is growing more rapidly than our own because of (1) the continuity of production (absence of strikes and business cycles), (2) the direction of most investment into the capital goods industries, and (3) the higher ratio of savings-investment to national income.

7. In his opinion, the Soviet economy is growing at the rate of about six percent a year, or about twice as rapidly as the U.S. This analysis is within the range of our own estimates. Whether or not this relationship will hold for the future he believes depends upon:

a. The development of new techniques of credit and monetary controls in the United States which would serve to restrain inflation without substantially limiting growth, and

b. Whether or not the Soviet populace will begin exercising control over the proportion of national income devoted to consumption as compared to investment.

8. Attached at Mr. Amory's request is a review of Professor Hoover's book which appeared in the London Economist.

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Enclosure:

Review from the Economist - May 16, 1959

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